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GOVERNMENT EMPLOYEES HEALTH ASSOCIATION, INC.

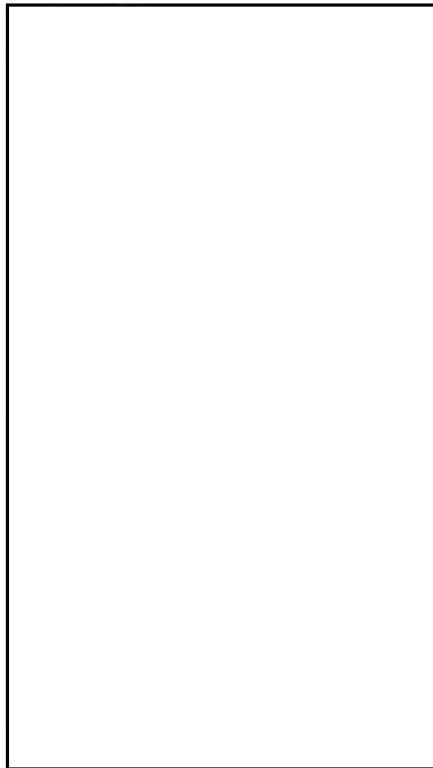
Meeting of the Board of Directors

6 September 1979

(5th Meeting 1979)

A special meeting of the Government Employees Health Association, Inc., Board of Directors, was held on 6 September 1979 at 3:30 p.m. in Room 5E-62 Headquarters. Those present were:

Directors



Chairman

President

Treasurer

Assistant Secretary

Advisor

Finance Branch

Education Branch

Public Relations Secretary

Absent were:

Bruce T. Johnson, Director



Director

Director

Medical Officer

Medical Advisor

Chairman [redacted] convened the meeting at 3:30 p.m. indicating the primary order of business was to review the current objectives of GEHA's investment portfolio. Before

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discussing this issue, [ ] to provide the Board with a status of the Association Benefit Plan's (ABP) premium rates for 1980. [ ] reported that the Office of Personnel Management (OPM) had approved the Board's 1980 benefits changes, as well as the release of \$750,000 from GEHA's contingency reserve being held by OPM. He also reaffirmed that, by all indications thus far, the Government's contribution to Federal Employees Health Benefit premiums would be at least ten percent for 1980, and stated that the 1980 ABP premium rates for employees would not increase significantly.

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Following [ ] ABP status report, [ ] returned to the primary discussion at hand, providing a brief history of GEHA's previous investment policy; the reasons for turning the portfolio over to professional management; and the Board's current policy regarding investment objectives with BEA. This generated discussions by members in which [ ] asked several questions regarding taxes, the origins of the investment monies, and if the fund would be growing in perpetuity.

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[ ] provided answers to all questions and explained the need to retain the reserve in order to fund the current UBLIC retiree program. He touched on the OGC opinion on Board liability sent to all Members which indicated that Board Members as long as they acted prudently in discharging their fiduciary responsibility were not personally liable. He also stated that a comprehensive review to further improve the UBLIC program in terms of greater benefits and lower premiums was being undertaken which in time would return the reserve to UBLIC policyholders. [ ] then asked if a comparative chart would be made available to Board members. [ ] indicated that one probably could be obtained comparing UBLIC, WAEPA and FEGLI.

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After discussions in which [ ] asked about the performance of BEA over the three year period BEA has managed the GEHA account and the make up of the different components of the account, [ ] related to the Board the exhaustive search to obtain the services of Mr. John Hurford, Vice President of BEA and suggested that the Board may wish to meet him. It was decided that [ ] would contact Mr. Hurford and have him visit the Board as soon as practicable to discuss the management of the account indepth.

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Following a discussion of a number of topics regarding BEA which included a review of the qualifications of BEA, the

25X1 mechanics of the annual review of the BEA account by the Agency's Audit Staff, and how the Credit Union handles its investments [redacted] explaining), it was the Board's consensus to reaffirm the existing investment objectives.

Having no further business, the meeting was adjourned at 4:10 p.m.

25X1 [redacted] Secretary